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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, April 17

NIHON KEIZAI (Page 2) (Full)
April 18, 2006

10:27

Met with Brazil TV Bandeirantes president and his wife.

11:27

Met with JDA Director-General Nukaga.

12:04

Attended a liaison meeting of the government and the ruling parties.

14:29

Met with State Minister in Charge of Administrative Reform Chuma and Deputy Chief Cabinet Secretary Saka.

15:32

Met METI Minister Nikai, Natural Resources and Energy Agency Director-General Kodaira, and METI International Trade Policy Bureau Director-General Kitamura.

16:04

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Met with Ambassador to Russia Saito and others. Afterwards, met with Public Security Investigation Agency Director-General Oizumi.

17:01

Attended a staff meeting in Diet.

17:28

Met with Environment Minister Koike at Kantei.

18:30

Met with Cameroon President Biya at residence and later hosted a dinner party for the president.

4) Government plans to freeze aid to Palestinian Authority, lining up with US, EU

YOMIURI (Page 2) (Excerpt)
Evening, April 17, 2006

The Japanese government has firmed up its intention to freeze for the time being new economic assistance, such as social infrastructure, to the Palestinian Authority that is led by Hamas, an Islamic fundamentalist organization. The aim is to line up with the United States and European Union (EU), which have already announced a halting of assistance, and to pressure Hamas to change its armed-struggle policy line.

The halt in assistance will be limited to new projects to construct social capital infrastructure. In the event that Hamas requests humanitarian assistance, such as food supplies, Japan will take a stance of complying with it.

The government will consider restarting aid upon consulting with the US and EU, and assessing whether the Hamas-led government has changed its antagonistic policy toward Israel. When Foreign Minister Aso visits the US during the Golden Week holidays in early May, he plans to exchange views with US officials on this issue, as well. The government's position is to avoid direct negotiations with the Hamas government, and instead, to use President Abbas as the contact point for negotiations.

5) Coordination underway to hold senior-working-level talks with Iran

NIHON KEIZAI (Page 2) (Full)
April 18, 2006

Vice Foreign Minister Shotaro Yachi yesterday told a press conference that the Japanese and Iranian governments were making arrangements to hold senior-working level talks in Teheran. Yachi stopped short of mentioning a specific timeframe, but he stated: "We'd like to meet them as soon as possible."

6) Emergence of disputes over EEZ in East China Sea and Sea of Japan involving Japan, its neighbors

MAINICHI (Page 2) (Full)
April 18, 2006

Disputes over exclusive economic zones in the East China Sea and the Sea of Japan are emerging, involving Japan, China, and South

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Korea. In the East China Sea, China issued a warning notice against navigation, which bans ships from navigating in the waters around the Japan-China median line, and Japan has raised an objection. In the Sea of Japan, the Japan Coast Guard (JCG) plans to conduct a marine survey around Takeshima (or Dokdo in Korean), while South Korea has warned that it will take strong measures, including seizing ships.

China's "warning against sea traffic" around its gas field

China's warning notice is intended to ban ship traffic in a narrow area stretching some 200 kilometers south and 3.6 or so kilometers east to west from its Pinghu gas field located on the north side of the Japan-China median line, on the grounds of expanding the gas field. China has stated in the notice that it will lay pipelines and cables in the area from March 1 through Sept. 30. But Japan was unaware of the ban until April 13, when it alerted ships around the area to the sea traffic ban, because it had not been notified.

According to the JCG, it is often the case that bans on ship navigation are issued in a narrow area, such as the inside of a bay, for the safety of ships when offshore construction or military drills are carried out, but it is unusual to ban sea traffic for a long time and in a broad area in the middle of the ocean. The government sees it as a problem that the area subject to China's traffic ban involves Japan's territory, crossing over Japan-China median line.

Japan and China are in a dispute over the rights to explore gas fields around the median line. At a press briefing yesterday, Chief Cabinet Secretary Shinzo Abe criticized China for violating Japan's rights: "Such an action violates our country's sovereign rights, as well as the United Nations Convention on the Law of the Sea (that stipulates the rights of coastal countries and other rights)." The Foreign Ministry conveyed Japan's concern to China on April 14 and 16 and made inquiries about all the facts concerning the matter. It is waiting for a response from China.

7) Prime Minister's office out of the loop for two weeks about China's sea traffic ban in East China Sea, despite JCG having grasped it late last month; Foreign Ministry slow to make inquiries about it

SANKEI (Page 1) (Excerpts)
April 18, 2006

The Japan Coast Guard (JCG) grasped late last month that the Chinese government, which is exploring oil and gas fields in the East China Sea, had posted a ban on sea traffic by general ships in the waters around the Japan-China median line in the East China Sea, but the Prime Minister's Official Residence (Kantei) did not receive any notice about the matter before April 14. Several government officials revealed this information. The Foreign Ministry likewise did not take action before April 14 to make inquiries about the matter. Questions are now again raised about the government's crisis management system.

The widespread view is that because informal consultations among representatives to the six-party talks on North Korea's nuclear programs, including Chinese Vice Foreign Minister Wu Dawei, were held in Tokyo April 9-12, Japan might have avoided bringing up

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the matter during that time.

According to a source concerned, the JCG found a notice about sea traffic ban on the website of the Chinese Maritime Bureau late March and immediately asked China about it via mail, but China did not reply for one week. Later, China sent the JCG a mail denying the construction work of expanding its Pinghu gas field. With no proper response made by China to Japan's inquiries, the JCG reportedly ended up failing to confirm all the facts about the matter.

8) Yokosuka mayor to accept US nuclear carrier deployment premised on safety

ASAHI (Page 3) (Full)
April 18, 2006

The US government yesterday submitted a document to the city of Yokosuka, Kanagawa Prefecture, regarding the US Navy's plan to deploy the USS George Washington, a nuclear-powered aircraft carrier, to its Yokosuka base. The document, provided to Yokosuka Mayor Ryoichi Kabaya through the Foreign Ministry, explains the safety of nuclear-powered warships, including their architecture and operations. In response, Kabaya told a press conference that he cannot find out any reason to oppose the carrier's deployment to the base if the document is reliable. With this, the mayor clarified that he would accept a nuclear carrier if its safety is confirmed.

At present, the Yokosuka base is home to the USS Kitty Hawk, an oil-fueled conventional aircraft carrier. The city has objected to the planned deployment of a nuclear-powered aircraft carrier to the base and has asked the Japanese and US governments to continue to deploy a conventional carrier even after the Kitty Hawk is mothballed.

Kabaya received a briefing yesterday on the document from the Foreign Ministry's Japan-US Security Treaty Division Director Junji Shimada. In his press remarks, the mayor gave a positive evaluation of the document, saying, "It's more specific and detailed than expected, and it's not perfunctory." The mayor also said, "I've asked for a conventional ship, and the bottom line is safety." He added: "There are still problems, such as disaster prevention measures, but I think I will accept the planned deployment of a nuclear carrier (if its safety is confirmed.) I will have no reason to oppose it."

9) US envoy briefs Aso on nuclear warship safety

ASAHI (Page 3) (Full)
April 18, 2006

US Ambassador to Japan Schieffer met with Foreign Minister Aso yesterday in Tokyo and handed a document to Aso, explaining the safety of US nuclear-powered warships from the perspective of their architecture, operations, and safeguards in connection with the US Navy's plan to deploy the USS George Washington to its Yokosuka base in Kanagawa Prefecture in 2008.

The document describes the designs and workings of US Navy nuclear reactors in detail, and it also details radiological dosages on crewmen. "We will cooperate with the (Japanese)

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government in an effort to meet concerns expressed by the Japanese people, particularly by (Yokosuka City's) local residents," Schieffer said. Aso gave a positive evaluation of the presented document, saying: "The Japanese government has consistently believed in the safety of US nuclear-powered warships during their port calls, and this document endorses that judgment."

10) US Marines to use 2 ASDF bases in Kyushu as hubs

NIHON KEIZAI (Page 1) (Full)
April 18, 2006

Japan will prepare two Air Self-Defense Force (ASDF) bases at Tsuiki in Fukuoka Prefecture and at Nyutabaru in Miyazaki

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Prefecture as relay hubs for the US Marine Corps in the event of emergencies near Japan, sources said yesterday. The government outlay several ten billion yen to build training facilities, aprons for transport planes and helicopters, hangars, and billets for emergency use at the two ASDF bases. This will be incorporated in a final report to be released in early April on the realignment of US forces in Japan.

Japan and the United States held a two-day session of intergovernmental working-level consultations in Tokyo on April 13-14, with senior officials attending. On that occasion, the Japanese and US governments basically agreed to prepare the two ASDF bases as hubs for the US Marines.

The US Marine Corps, currently deploying about 18,000 troops on Japan's southernmost island prefecture of Okinawa, will move 8,000 of them to Guam in the process of realigning the US military in Japan. Japan and the United States have been seeking to consolidate military cooperation in order to prepare for conflicts on the Korean Peninsula or in the East China Sea. The two governments have agreed to share the two ASDF bases that are situated geographically close to the region. The Tsuiki base has a 2,400-meter runway, and the Nyutabaru base has a 2,700-meter base.

The government deems it possible to lessen Okinawa's base-hosting burden and to maintain deterrence for Japan's national security.

The US Marine Corps believes that its use of staging bases, other than those in Okinawa, will help it respond to ballistic missile attacks and other events. The two ASDF bases are expected to function as rear-echelon outposts readied with logistics including supplies. In addition, the two bases will also serve as training sites for fighter jets deployed to Kadena airbase in Okinawa.

11) US force realignment: Japan, US agree to focus on convincing Iwakuni; US makes concession ahead of mayoral election

SANKEI (Page 5) (Excerpts)
April 18, 2006

Japan and the United States have outlined a final agreement on the US Marine Corps' Iwakuni Air Station in Yamaguchi Prefecture, an outstanding issue along with the cost of relocating US Marines from Okinawa to Guam as part of the realignment of US forces in Japan. The two countries agreed to transfer carrier-based

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aircraft and aerial refueling planes to the Iwakuni base. At the same time, the US compromised on relocating large helicopters to Guam to reduce Iwakuni's burden. With the Iwakuni mayoral election coming up on April 23, the two countries' intentions to focus on persuading Iwakuni residents following Okinawa coincided with each other.

"In order to constrain the noise level, we will move the helicopters from Iwakuni to Guam," Chief Cabinet Secretary Shinzo Abe said April 16 in Iwakuni, where he visited for stumping for the LDP candidate running in the Iwakuni mayoral race. Abe underscored the government's efforts to strike a balance for the Iwakuni base.

Through the April 13-14 senior working-level talks, Japan and the US reached an agreement on: (1) transferring 12 KC-130 air tankers from Futenma Air Station in Okinawa to the Iwakuni base and splitting training to the Kanoya base in Kagoshima and Guam; (2) moving eight CH53D large transport helicopters from Iwakuni to Guam; and (3) building a civilian air terminal at the Iwakuni base.

When the two countries produced an interim report last October, they had envisaged the Kanoya base as the relocation site for the air tankers. But they have changed the plan and picked the Iwakuni in the end due to the difficulty to build facilities. Local residents may take the decision as an additional burden. In a plebiscite in March, Iwakuni citizens said "no" to the plan to relocate carrier-based aircraft from Atsugi Naval Base in Kanagawa to the base in the city.

Looking back on the process leading up to the bilateral agreement, a Japan-US negotiation source commented, "The United States made a major concession for realizing the plan to relocate aerial refueling planes to Iwakuni." Specifically, the US agreed to split training to Iwakuni, Kanoya, and Guam, and to relocate all the eight large transport helicopters from Iwakuni to Guam. Moving the helicopters that have been operated along with helicopters in Okinawa would be disadvantageous to the US military. But Washington has recently proposed such an option, according to the negotiation source. The bilateral agreement on building a civilian air terminal has paved the way for the military-civilian use of the Iwakuni base, which has long been a dream for local residents.

12) Abe expresses eagerness to review government's interpretation of right to collective self-defense

SANKEI (Page 5) (Full)
April 18, 2006

In a meeting of the House of Representatives' Special Committee on Iraq Reconstruction Assistance yesterday, Chief Cabinet Secretary Shinzo Abe stated regarding the government's

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interpretation of the right to collective self-defense: "It is important to always examine and look into what is possible under constitutional constraints as times change, and we will have to do so." The government's interpretation is that "Japan has the right under international law but is not allowed to use it under the Constitution." Abe's remark indicates the necessity of reviewing this interpretation.

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Prime Minister Junichiro Koizumi also expressed a similar view in a press conference just after he assumed the current post. Abe, who is viewed as the most likely candidate to succeed Koizumi, expressed an eagerness to tackle the challenge being left undone by Prime Minister Koizumi.

Abe made the above remark in response to a question by Democratic Party of Japan member Akihisa Nagashima. He emphasized no change in the government's current interpretation but commented: "The position based on this interpretation is quite uncommon, even in rest of the world." He then stressed the necessity of examining and studying the present interpretation, saying: "We must not allow some problem to occur when Self-Defense Force members are engaged in operations with troops dispatched from other countries in the international community. It is also necessary to prevent SDF troops from getting left in the lurch."

In a Lower House Budget Committee meeting in 2004, when he was serving as Liberal Democratic Party secretary general, Abe said: "It might be possible to look into the possibility of allowing SDF troops to exercise (the right of collective self-defense)?"

13) Prime Minister states, "I will not extend the Diet session"; Is he more serious than people had thought?; Ruling parties perplexed; Timeframe for passing bill amending Basic Education Law likely to be affected, if not extended

NIHON KEIZAI (Page 2) (Excerpts)
April 18, 2006

Prime Minister Junichiro Koizumi stated that he had no intention of extending the current Diet session, which is to be adjourned

on June 18. The statement is giving rise to speculation among ruling party members. At first, many thought he made that statement in order to cut off the possibility of retreat so as to facilitate deliberations on such legislation as the administrative reform promotion bill. However, some are now beginning to suspect that the prime minister made that statement more seriously than people had thought. It may be possible to present bills, including the amendment to the Basic Education Law, that would likely take time to reach an agreement in the ruling parties on, to the Diet, but it will be difficult to pass them into law without extending the session. Ruling party members are perplexed, unable to fathom the true intention of the prime minister.

Referring to the handling of various bills, including the amendment to the Basic Education Law, the prime minister during yesterday's liaison council meeting between the government and the ruling parties gave this order: "I would like both the Lower House and the Upper House to discuss how to deal with the bills, based on the premise that the Diet session will not be extended." The prime minister's order has made party members wonder there may be something more than principle in his statement.

Closely related to LDP presidential election

One reason why various speculation has been floated is that how the current session ends is closely related to the LDP presidential election in September. Among Koizumi's potential successors, Shinzo Abe, Taro Aso, and Sadakazu Tanigaki are cabinet ministers. As long as the Diet is session, they may

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hesitate to overtly declare their candidacies. As a result, they may get off to a slow start.

If the Diet is not extended, political circles will be caught up in speculation for the remaining three months on who will succeed Koizumi. LDP Secretary General Tsutomu Takebe, who favors Abe, is considering a way to allow the public to take part in the party presidential race, by holding gatherings across the country at which all the candidates would give speeches. If the prime minister were to give the green light to Takebe's idea, it would be advantageous to Abe.

The Democratic Party of Japan (DPJ or Minshuto) has been gaining momentum since Ichiro Ozawa became the new president. Some are of the view, therefore, that Koizumi's statement was intended to contain Ozawa's maneuvering by boosting the atmosphere for the presidential race.

14) Passage of bill amending the Basic Education Law during current Diet session uncertain; Government, ruling camp want to avoid confrontation with Minshuto

MAINICHI (Page 5) (Excerpts)
April 18, 2006

The ruling Liberal Democratic Party (LDP) and the New Komeito have agreed on amendments to the Basic Education Law. However, the government and ruling coalition have failed to reach an agreement on when to submit a bill to the ongoing session. Prime Minister Junichiro Koizumi has reiterated, "I would like to see the Diet situation before making a decision." Since some ruling camp members have predicted that the bill will be carried over to the next Diet session, whether the bill will clear the Diet is uncertain. The reasons seem to be that an extension of the session would be necessary in order to pass the bill during the current session and that the government and ruling bloc want to avoid an unnecessary confrontation with Minshuto (Democratic Party of Japan) President Ichiro Ozawa.

Koizumi took a cautious stance about the timing of submitting a bill amending the education law, telling reporters last night:

"A bill promoting administrative reforms and a set of bills on reform of the medical system are now being deliberated. We should

ascertain the course of deliberations on various bills."

15) Minshuto President Ozawa begins regular press briefings today

MAINICHI (Page 5) (Excerpts)
April 18, 2006

Minshuto (Democratic Party of Japan) President Ichiro Ozawa will hold a press conference once a week, starting today. During his tenure as secretary general of the now defunct Shinseito (Japan Renewal Party) in 1993, he suspended regular press briefings, arguing, "I have no obligation (to meet the press); that's a service." Because he is known as "media-phobic," some members in the main opposition party will have to keep an eye on Ozawa, wondering how long he will continue to meet the press.

It has been the practice for Minshuto to hold a press briefing Tuesday afternoon. Ozawa had been reluctant to meet the press,

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but he will follow the party's practice since he pledged in the party presidential race that he would change.

16) Environment Minister Koike: Women feel more fatigue than men as we work 10 times harder than they do

NIHON KEIZAI (Page 2) (Full)
April 18, 2006

Environment Minister Yuriko Koike returned to her official duties yesterday for the first time in 19 days after being hospitalized for acute pneumonia. She explained to reporters the reason for her extreme fatigue, saying, "In order to prove ourselves to society, women work 10 times harder than men. So we often overwork."

17) Overseas production of Japanese vehicles exceeds 10 million units last year; Production in China expected to expand in 2006

NIHON KEIZAI (Page 1) (Excerpts)
April 18, 2006

Overseas production by Japanese automakers topped 10 million units in 2005. Prospects have now become strong that overseas production will outpace domestic production in 2006. Japanese automakers first made inroads into Europe and North America, and their production bases have now spread to China and India. Output at overseas has increased by double-digits for four consecutive years, exceeding domestic production, which is increasingly only slightly. Fifty years have passed since Japanese auto manufacturers started overseas production. They are now going to shift to a global management system with eye on overseas markets both for production and sales.

The number of vehicles Toyota Motor and seven other car manufacturers produced at their overseas production plants reached 9.96 million units (excluding those produced under the knock-down system with local contents below 40%) in 2005. If vehicles manufactured abroad by Isuzu Motors and other truck makers (410,000 units) are added, the number of Japanese vehicles produced overseas tops 10 million units, which is on a par with the scale of domestic production (10.8 million units).

Toyota will start operating a plant with a production capacity of 100,000 units in Guangzhou, China, and another with production capacity of 200,000 units in Texas. Nissan and Honda have also come up with a plan to increase production in China. Overseas production by Japanese automakers is expected to exceed domestic production in 2006.

SCHIEFFER